

Committee on Ways and Means

H.R. 2, The “Jobs And Growth Reconciliation Tax Act Of 2003”

Acceleration of 2001 Bush Tax Cuts for Individuals

- ***Child credit.*** Increases child credit to \$1,000 for 2003, 2004, and 2005.
- ***10 percent bracket.*** Accelerates the expansion of the 10 percent bracket for 2003, 2004, and 2005.
- ***Marriage penalty relief.*** Accelerates the expansion of the 15 percent bracket and the increase in the standard deduction for married persons filing joint returns for 2003, 2004, and 2005.
- ***Individual rate cuts.*** Accelerate the 2006 individual rate cut schedule to 2003. (Rates reduced from 28% to 25%; 31% to 28%; 36% to 33% and 39.6% to 35%.)
- ***Increase individual AMT exemption amount.*** Increases the AMT exemption amount by \$7,500 for single persons and \$15,000 for joint filers for 2003, 2004 and 2005.

Business and investment incentives

- ***Bonus depreciation.*** Increases bonus depreciation from 30 percent to 50 percent and extend through December 31, 2005.
- ***Small business expensing.*** For 2003 through 2007, increases the amount the small businesses can expense (immediately deduct) from \$25,000 to \$100,000. Increases definition of small business from \$200,000 of capital purchases to \$400,000. Provisions are indexed for inflation.
- ***Net operating loss carryback.*** Extend the 5-year net operating loss carryback for three years (2003 through 2005) and hold taxpayers harmless for AMT.

Dividends and capital gains

- ***Dividend and capital gain tax rate reduction 5/15.*** Reduces the tax rate on dividends and capital gains to 5 percent for taxpayers in the lowest tax brackets and to 15 percent for all other taxpayers.